


Government of the District of Columbia
Office of the Chief Financial Officer



Fitzroy Lee
Acting Chief Financial Officer

MEMORANDUM

TO: The Honorable Phil Mendelson
Chairman, Council of the District of Columbia

FROM: Fitzroy Lee
Acting Chief Financial Officer 

DATE: April 18, 2022

SUBJECT: Fiscal Impact Statement – Medically Necessary Foods Coverage Act of 2022

REFERENCE: Bill 24-171, Committee Print as provided to the Office of Revenue Analysis on April 13, 2022

Conclusion

Funds are sufficient in the fiscal year 2022 budget and proposed fiscal year 2023 through fiscal year 2026 budget and financial plan to implement the bill.

Background

The bill requires that all health benefit plans in the District provide coverage for medically necessary food for certain diseases and medical conditions.¹ Medically necessary foods are those given to individuals to help with diseases and conditions that cannot be treated through other means. Insurance coverage cannot be more restrictive than coverage provided for other illness, condition, or disorders for the purpose of determining deductibles, duration limits, dollar limits, maximum deductibles, copayments, and co-insurance factors. The Mayor may issue rules to implement the coverage requirement.

¹ Including Inflammatory bowel disease, Crohn's disease, Ulcerative colitis, Indeterminate colitis, Gastroesophageal reflux disease, Immunoglobulin E and non-Immunoglobulin E mediated allergies to food proteins, Food protein-induced enterocolitis syndrome, Eosinophilic disorders, Impaired absorption of nutrients, Malabsorption due to liver or pancreatic disease, Inherited metabolic disorders, and any other diseases or conditions as determined by the Mayor through rulemaking.

Financial Plan Impact

Funds are sufficient in the fiscal year 2022 budget and proposed fiscal year 2023 through fiscal year 2026 budget and financial plan to implement the bill.

All private health plans participating in District's private health care marketplace, DC Health Link, must cover essential health benefits (EHB) that are included in the District's benchmark health plan. Any time the District mandates that insurance providers cover a new health benefit, the District must analyze whether the new benefits are in addition to the benchmark EHBs. The District is required by federal law² to defray costs to the insured of newly mandated EHBs. DC Health Link and the Department of Insurance and Banking have concluded that requiring coverage of medically necessary foods does not create a new EHB but rather expands already existing EHBs covered by the District's benchmark plan. Therefore, requiring insurance providers to cover medically necessary food does not create additional costs to the District.

The District's Medicaid program already covers the cost of medically necessary foods. The Department of Health Care Finance requires no additional resources to implement the bill.

² 42 U.S.C. § 18031(d)(3).